

1  Presentation

to

Illinois Department of Commerce

Demand Response/Energy Efficiency Working Group

6 April 2005

2  Energy Systems Group

- Energy Systems Group (ESG) is a comprehensive energy services and performance contracting company serving 14 states (including Illinois)
- ESG has been providing services since 1994
- ESG is headquartered in Evansville, IN and has a full service office in Itasca to serve Illinois clients
- ESG is a subsidiary of Vectren Corporation – a utility holding company based in Indiana

3  What is an ESCO?

- An Energy Service Company (ESCO) is a business that develops, installs, and finances projects designed to improve the energy efficiency and maintenance costs for facilities over period of time.
- ESCOs generally act as project developers for a wide range of tasks and **assume** technical and performance risk associated with the project

4  What is an ESCO?

1

- design
 - development
 - implementation
 - operation
 - financing
- 2
- maintenance
 - training
 - measurement & verification
 - and much more

5  ESCOs Focus Is Energy Efficiency

- Our business is energy and operational efficiency
- We guarantee our results
- We apply new and cost effective energy technology into the field
- We build long-term client projects and relationships

6  ESCOs and Illinois

- ESCO's have been active in Illinois for many years helping clients improve energy efficiency at their facilities and using these savings to fund these improvement projects.
- Illinois has enabling legislation guiding the engagement of an ESCO to provide services to government and education (k-12 and higher education) facilities.
 - 50 ILCS § 515;
 - 105 ILCS § 5, Article 19b;
 - 110 ILCS § 62;
 - and 110 ILCS § 805

7  Some Successful Examples

- K-12 School Systems
 - Fairfield Community High School District
- Higher Education
 - Northern Illinois University
- Local Government
 - City of East St. Louis
- Federal Government
 - North Chicago VA and Jesse L. Brown VA co-generation and facility improvements
- Commercial Business
 - Chicago Sun Times

8 Benefits

- Reduce energy and water use
- Financing over the life of the project
- Improved facilities for working and learning
- Improved indoor air quality
- Rejuvenated facilities
- Long-term energy strategy

9 Challenges

- Time for returns
- Overall knowledge of the opportunity
- Sense of urgency for energy efficiency at the user level
- Financing options

10 Our Thoughts On EEPS

- EEPS is a sound approach
 - Our industry was born of the DSM programs of the early 1990's
- Look for more than “low hanging fruit”
- Identify realistic goals, measure and verify
- Reward performance and innovation
- Involve ESCOs to see how far performance based contracting can go.

11 Thank You

Questions????